



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

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European Union

Grain and Feed

Semi-Annual (Rice)

2003

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Report Highlights:

Improved yields are expected to lead to higher rice stocks in 2002/2003. Major reforms have been proposed to prepare the EU rice sector for increased imports under the Everything But Arms initiative.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2], E2

Note: This is a consolidated EU-15 report prepared with input from the following FAS analysts:

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Overview

PSD Table						
Country	European Union					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/2000		09/2001		09/2002
Area Harvested	398	398	388	398	393	397
Beginning Stocks	888	886	889	849	769	825
Milled Production	1567	1559	1620	1666	1792	1800
Rough Production	2458	2446	2560	2650	2756	2736
MILLING RATE (.9999)	6376	6374	6328	6287	6501	6580
TOTAL Imports	926	912	775	850	900	850
Jan-Dec Imports	923	920	700	875	850	820
Jan-Dec Import U.S.	0	274	0	0	0	0
TOTAL SUPPLY	3381	3357	3284	3365	3461	3475
TOTAL Exports	285	281	300	300	325	325
Jan-Dec Exports	264	258	275	275	325	325
TOTAL Dom. Consumption	2207	2227	2215	2240	2225	2250
Ending Stocks	889	849	769	825	911	900
TOTAL DISTRIBUTION	3381	3357	3284	3365	3461	3475

Overall EU rice area has remained stable, but conditions have improved considerably in 2002/2003, so yields have been better, both in the field and for milling. The resulting increase in milled production is expected to depress internal market prices and lead to more deliveries into intervention. Consumption continues to increase marginally as a result of increased consumer demand for rice.

Mid-term Review

As part of the EU's Mid-term Review of Agenda 2000 reforms to the Common Agricultural Policy, the European Commission is expected to propose significant reforms to the rice regime. Major reform is seen as necessary to prepare the sector for the effects of full implementation of the Everything But Arms trade concessions with least developed countries. Under this arrangement, imports of rice from the 48 least-developed countries will be duty-free with no volume restrictions by 2009. Unless the current price-support system is reformed, high-priced EU rice would be uncompetitive with duty-free imports, causing a serious imbalance on the EU market.

A reform concept paper was published in July 2002 and a formal legislative proposal is expected during the week of January 20th. Based on the July paper, the reform proposal is expected to include a 50% reduction in the intervention price from 298.35 Euro/MT for paddy rice to a basic price of 150 Euro/MT. Private storage provisions would be triggered when prices fall to the basic price level. "Safety net" intervention buying-in would be triggered when prices fall to 120 Euro/MT. In compensation for the intervention price cut, producers would be eligible for compensation payments of 177 Euro/MT, of which 75 Euro/MT would be a crop-specific payment. As the formal legislative proposal is still under discussion, it is possible that some of these elements will change.